

Message Text

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PAGE 01 MUSCAT 01149 310730Z
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 PM-05 NSC-05 SP-02 SS-15
CIAE-00 INR-07 NSAE-00 DODE-00 AID-05 IGA-02
OMB-01 EB-08 COME-00 TRSE-00 XMB-02 /075 W
-----021452 310732Z /21

R 310700Z JUL 77
FM AMEMBASSY MUSCAT
TO SECSTATE WASHDC 3476
INFO AMEMBASSY JIDDA
AMEMBASSY LONDON
AMEMBASSY SANA

LIMITED OFFICIAL USE MUSCAT 1149

E.O. 11652: N/A
TAGS: EAID, EFIN, YS, SA, MU
SUBJECT: SAUDI FOREIGN AID "EXCEPTIONS"

REF: (A) MUSCAT 1123 (NOTAL); (B) LONDON 12591

1. IT IS OUR UNDERSTANDING THAT THE SAUDI ARABIAN LENDING INSTITUTION CALLED SAUDI DEVELOPMENT FUND IS LIMITED BY ITS CHARTER TO PROVIDING MAXIMUM 50 PERCENT OF COST OF ANY ONE PROJECT. BANKING OMANI OFFICIALS WORRIED ALOUD TO US ABOUT THIS DURING PAST 18 MONTHS WHILE SAG WAS MULLING OVER PROPOSED AID FOR DHOFAR ROAD AND VILLAGE PROJECTS. WHEN LOAN AGREEMENTS WERE FINALLY SIGNED THIS MONTH (REF A) IT DEVELOPED THAT TWO AGREEMENTS WERE SIGNED FOR EACH RPT EACH PROJECT, THE PRACTICAL EFFECT BEING THAT THE SAUDI FUND PLEDGED NEARLY THE ENTIRE COST OF BOTH PROJECTS (WITH EACH SEPARATE AGREEMENT COVERING ONLY 50 PERCENT OF A SINGLE PROJECT.)

2. STRIKES US THAT THIS TACTIC MAY HAVE BEEN THE SAUDIS' CHOSEN DEVICE FOR GETTING AROUND THEIR LENDING FUND'S CONSTITUTIONAL PROBLEM IN A WAY THAT SERVED BOTH THEIR POLITICAL PURPOSE AND
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THE NEED OF THEIR CLIENTS FOR FULL RATHER THAN 50 PERCENT FUNDING.

3. I WONDER IF THE STATEMENT IN REF B PARA 1, ATTRIBUTED TO PDRY PRESIDENT, REGARDING SAUDI INTENTION AS "SPECIAL EXCEPTION" TO "FUND 100 PERCENT" OF PDRY DEVELOPMENT PROJECTS MAY PERHAPS REFLECT THIS SAME TACTIC. IF SO, IT SHOULD BE READ AS MEANING THAT WITH REGARD TO THOSE OF THE PDRY PROJECTS THE SAUDIS

DECIDE TO PICK UP, THEY ARE PREPARED TO DO SO FULLY (AS IN OMAN)
RATHER THAN ONLY 50 PERCENT.
WOLLE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 31-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Format: TEL
From: MUSCAT
Handling Restrictions: n/a
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ISecure: 1
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Line Count: 65
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Litigation Codes:
Litigation History:
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Secure: OPEN
Status: NATIVE
Subject: SAUDI FOREIGN AID \"EXCEPTIONS\"
TAGS: EAID, EFIN, YS, SA, MU
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Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4de18662-c288-dd11-92da-001cc4696bcc
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